SOUTH AMERICAN OVERVIEW

A Guide for Canadian Exporters

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FOREWORD

This *Guide for Canadian Exporters* presents an overview of the 10 South American countries: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay and Venezuela.

A general introduction on the political situation, an outline of the economy, bilateral trade with Canada, the markets and export and import statistics are included for each country.

Guides for Canadian Exporters, on individual countries of the region, contain more details and tips for potential Canadian exporters.

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INTRODUCTION

Canada's economic and commercial ties with South American countries are excellent and have grown steadily through the active participation of the business community, the Canadian government and provincial governments. A broad range of initiatives have been taken and a number of activities are underway, directed at increasing Canada's involvement in the region's economic and industrial development and at strengthening Canada's bilateral relations with the countries in the region. Highlights of these efforts since 1980 include visits by Prime Minister Trudeau to Brazil and by President Figueiredo of Brazil to Canada, as well as visits by Ministers from Brazil, Colombia, Venezuela, Peru and Ecuador to Canada and by Canadian federal and provincial ministers to Latin America (Brazil, Colombia, Chile, Ecuador, Argentina, Peru, Paraguay, Venezuela); the opening of a Canadian Embassy in Quito; the signing of an Economic Co-operation Agreement with Ecuador and of a similar Agreement with Argentina; and increased assistance to the Canadian export community including an expanded Trade Fairs and Missions program.

Provincial departments of trade, particularly British Columbia, Alberta, Manitoba, Ontario and Québec, have actively encouraged their companies to pursue trade opportunities through participation in provincial missions and regional fairs. Private sector organizations, notably the Canadian Association — Latin America and the Caribbean (CALA) and the Brazil-Canada Chamber of Commerce (BCCC), have developed close relationships with their counterparts in Latin America. CALA has been instrumental since 1970 in stimulating private sector contacts with the region and in creating joint businessmen's committees in Chile, Colombia and more recently with Venezuela and Argentina. CALA has been active in Latin America, Central America and the Caribbean through a trade missions program and through businessmen's seminars in Canada. These activities have been highly supportive of government-sponsored trade promotional efforts.

During 1982 a number of significant political and economic changes occurred in the region. In the economic sphere, Latin American economies have been adversely affected by the worldwide recession. Declining commodity prices, recession in traditional markets and high international interest rates have contributed to severe balance of payments problems and heavy international debt in most countries.

Further, countries of the region have also suffered from increasing unemployment, severe inflation and stagnant GDP growth. The debt crisis has forced several countries to turn to the International Monetary Fund (IMF), the Bank for International Settlement (BIS) and private banks in order to reschedule or restructure their debt. Most observers, however, agree that South American countries have a strong resource base and will rapidly respond to a worldwide economic recovery and an increase in prices for their export commodities. The region is expected to average a real annual GDP growth of 4 per cent during 1981-1986, and an estimated 5.5 per cent growth during 1986-1991.

In the political sphere, Ecuador, Peru and, most recently, Bolivia have returned to a democratically-elected form of government; in Brazil elections held in November 1982 reaffirmed that country's transition to a full civilian-elected government; presidential elections were successfully held in Colombia; and in Argentina, a return to civilian government is foreseen for 1985.

South American countries increasingly see Canada as a reliable supplier both of traditional resource and agricultural exports and more importantly of quality, competitive manufactured goods. While our exports to the region in 1981 and the first seven months of 1982 have remained stable over 1980 figures, our sales to the region in the past decade have increased at a 20 per cent annual rate compounded since 1971. Canadian companies have obtained several major contracts in sectors of strong Canadian capability: transportation, energy development, agriculture and fisheries, mining, forestry, urban development and communications, usually against very stiff competition. South America also offers opportunities for the establishment of joint ventures or licensing as a means for Canadian firms to enter, protect or expand their position in a particular national and/or regional market.

Though each country in South American presents distinct challenges for Canadian companies, common themes in terms of requirements prevail throughout the continent, and these requirements closely correspond to Canadian expertise and industry capability.

ARGENTINA

On July 2, 1982 shortly after the Falklands crisis (April-June 1982) General Reynaldo Bignone became President of Argentina, replacing President Galtieri who had been in office for only five months. The frequent changes of president as well as of Argentine Cabinet members reflect a general dissatisfaction with the state of the economy and a desire by the populace to return to a democratic form of government. The stated objective of the present military government is to return the country to civilian government by early 1984.

The Economy

The Argentine economy is presently in the midst of a severe recession and is suffering the effects of three recent devaluations, high inflation, serious unemployment and numerous business failures. The Central Bank estimates that the country's Gross Domestic Product fell by 6.1 per cent during 1981. Leading the decline was a slump of 14 per cent in manufacturing. Automobile production, one of the most vulnerable sectors during a recession, decreased by 38 per cent. Inflation was 131 per cent in 1981 as compared to 88 per cent in 1980. The external debt rose from $10 billion to $39 billion over the past three years. Argentina's economic situation during 1982 continues to be precarious on both the domestic and external fronts, and the change in government may do little to solve the country's economic difficulties. The length of tenure of the new government and especially its economic leadership will be partially determined by its ability to reconcile two conflicting demands, the popular aspirations for higher standards of living and the need to convince foreign lenders to extend necessary financing in the face of a perhaps unrealistic economic strategy. The devaluation of the peso may boost exports but will also raise prices for imported industrial goods. With no new medium or long term foreign loans acquired since the Falklands crisis, and with heavy rollovers of short term debt and interest payments, Argentina's foreign debt structure has deteriorated rapidly. However, the debt situation could improve substantially during the next year if the required $10 billion financing requested of the IMF and 40 international private banks materializes. On January 24, 1983 the IMF approved standby financing of $1,622 million and a drawing of $562 million. As a condition of these loans, Argentina has agreed to implement a number of changes in

the public sector, money supply, wages and exchange control.

Canada-Argentina Trade

During 1981 Canadian exports to Argentina totalled $150 million, which represents a substantial drop from 1980 exports of $225 million. Figures for the first nine months of 1982 show a modest sum of $42 million. The largest decline was in motor vehicle parts, which decreased from $36 million in 1980 to $11 million in 1981. Other significant exports to Argentina included sheet steel, $14 million; newsprint, $11 million; engines and turbines, $10 million; machinery for the pulp and paper industry, $8 million; coal, $6 million; and telecommunications equipment, $5 million. For the first nine months of 1982, Canada's exports to Argentina show a modest sum of $57 million.

Imports from Argentina although much smaller than Canada's exports, increased from $36 million in 1980 to $80 million in 1981 and is at a $46 million level for the January — September period of 1982. The principal imports from Argentina during 1981 included metal ores and concentrates, $18 million; leather gloves and garments, $16 million; peanuts, $12 million; petroleum coke, $6 million; pre-cooked frozen foods, $3 million; and apple juice concentrates, $3 million.

Every effort has been made to improve trade relations between Canada and Argentina. In 1980 Minister Ed Lumley signed an Agreement on Economic, Commercial and Industrial Co-operation. This Agreement provides a framework for identifying sectors of mutual co-operation between Canada and Argentina. Sectors of particular interest to Canada include power generation and transmission, forestry, pulp and paper, oil and gas, mining, transportation, grain storage and telecommunications.

Canadian engineering firms have been active in Argentina for many years, particularly in such resource areas as forestry, mining and power. Some of Canada's exports to Argentina have resulted from sales associated with Canadian firms winning contracts for large projects. The Embalse nuclear plant and the Alto Parana and Puerto Piray pulp and paper mills are typical examples. Argentina still has several large projects in hydroelectricity, natural gas, petroleum, exploration, mining and telecommunications — open to international bidding. Canadian firms and Canadian consortia are actively pursuing these projects.

Argentine Tariffs and Taxes

In 1979, in order to make its industry more competitive, the Argentine government introduced a program to decrease tariffs over a five-year period. When the program is concluded the minimum tariff will be 10 per cent and the maximum no more than 40 per cent. In addition to these duties, all imports are subject to a value-added tax (VAT) of 20 per cent, except for foodstuffs and pharmaceuticals, for which it is 8 per cent.

Market Outlook

Although Argentina is experiencing severe economic problems at the present time, Canadian firms should view this market in long term objectives. Argentina, with a population of 28 million, is well endowed with natural resources, e.g. oil, gas, minerals, undeveloped hydro sites and rich farmlands. The government has already commenced an ambitious program to open up mining to international firms, double hydroelectric generation capacity, and to become self-sufficient in oil.

Opportunities for Canadian exporters exist in supplying equipment to such large hydroelectric projects as Yacyreta, Limay Medio and Piedro del Aguila, as well as transport equipment to Argentine railways, subway equipment for the expansion of the Buenos Aires metro, mining equipment to new mines, and forestry equipment to both new and existing forestry projects. In addition to export markets associated with large resource-type projects, Canadian exporters can also expect a growing demand for electric and communications equipment, motor vehicles and parts, sulphur, asbestos, and various chemicals and pharmaceutical products.

Profile of Argentina

General

Capital	Buenos Aires
Area	2,776,889 km^2
Population	28.0 million
Official language	Spanish
President	General Reynaldo Bignone

Key economic indicators — 1981

GDP current	U.S. $66.65 billion
GDP growth	–6.0%
GNP per capita	U.S.$2,390
Inflation rate	131%

Balance of payments (U.S. $ millions) — 1981

Balance of current account	–3,771.0
Overall balance of payments	–3,806.5

Foreign trade (U.S. $ millions) — 1981

Exports	9,100
Imports	9,200
Trade balance	– 100
Principal exports	Meat and hides (15.5%), wheat (8%) corn (13%)
Principal imports	Capital goods, consumer goods
Main markets	U.S.S.R., Brazil, U.S., West Germany
Main suppliers	U.S., West Germany, Japan, Brazil

MAIN CANADIAN EXPORTS TO ARGENTINA

Steel, fabricated materials
Motor vehicles, engines, equipment, parts
Newsprint
Sulphur, crude or refined
Engines and turbines, parts
Pulp and paper industry machinery
Coal
Commercial telecommunications equipment
Polyethylene resins
Wood pulp
Construction machinery and equipment
Card punch sort tab computers, parts
Aircraft, assemblies, equipment, parts
Asbestos milled fibres, shorts
Electronic equipment components
Safety and sanitation equipment
General purpose industrial machinery, parts
Plastic, fabricated materials
Potatoes
Radioactive elements, isotopes
Gasoline
Chemical pharmaceutical products, machinery, parts
Fur skins
Phenols, phenol alcohols and derivatives
Total main commodities
Total all commodities
Main as % of total

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
12,170	15,917	1,100
37,075	13,023	4,223
16,427	11,075	1,723
4,402	10,504	5,623
3,361	9,752	6,140
2,429	7,969	4,390
2,866	5,972	—
7,726	4,611	3,572
3,236	4,399	2,185
8,543	4,409	1,014
1,164	3,188	1
4,207	3,030	2,013
2,350	3,816	1,473
4,788	2,543	3,043
1,247	2,267	460
33	2,233	33
498	2,021	69
4,607	1,551	1,699
6,665	645	386
27,766	248	63
7,470	—	—
10,554	9	125
418	896	1,147
752	766	1,822
170,754	110,844	42,304
226,166	149,528	56,969
75.5	74.1	74.3

MAIN CANADIAN IMPORTS FROM ARGENTIN

Metal ores, concentrates, scrap
Leather
Peanuts
Petroleum coke, pitch coke
Pre-cooked frozen foods
Apple juice
Corned beef, (canned)
Cheese
Cotton yarn, fabrics
Raw cotton
Fur goods, apparel
Precious metal ores, concentrates
Construction machinery, equipment, parts
Excavator-type crane, shovel, power equipment
Gold
Used tractors
Pipes
Total main commodities
Total all commodities
Main as % of total

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
—	18,150	—
13,442	19,976	10,426
407	12,071	21
—	5,641	6,842
3,739	3,301	908
447	2,673	1,541
2,199	1,549	725
1,737	1,521	1,118
836	1,444	698
1,215	485	—
1,421	189	143
—	—	5,271
—	—	1,476
—	—	1,339
—	—	1,026
—	—	1,149
2,369	—	—
27,812	67,000	32,683
36,145	79,363	46,063
76.9	84.4	70.9

BOLIVIA

Bolivia has a poor record of political stability having had an average of one president for each year of its independent existence. Democratic elections held under an interim president in June 1980 gave a plurality but not an outright majority to the left of Centre Candidate Hernan Siles. A military coup unseated the civilian interim president shortly after. Repression by the military junta under General Meza resulted in major western powers withholding recognition and economic aid to the Meza government. General Meza was forced to resign in August 1981. His successor, General Torrelio Villa, held power for nearly a year and was succeeded by Colonel Foretino Rico Toro, who had a mandate to return the country to civilian rule. On October 10, 1982, Hernan Siles Suazo was sworn in as the 63rd democratically-elected president. The new civilian government has revived hope for a return to economic stability. The government however faces a number of challenges on three fronts — the redirection and control of the military, the resolution of the current economic crisis, and the management of a difficult Congress. The Suazo government has received strong political and economic support from many western governments in their efforts to bolster this new democratic regime.

At the end of 1982, Bolivia was $250 million in arrears on foreign loan payments of $540 million. The Siles Suazo government will also have to convince militant mine workers to accept an economic stabilization plan in order to qualify for a $119 million standby credit from the Internation Monetary Fund (rejected by the previous military governments) and renegotiate the country's $3.8 billion foreign debt.

Poor economic performance and political instability over the past two years has resulted in declining trade figures. Bolivia's imports fell to $691.2 million in 1981 from $813.8 million in 1980. At the end of 1982, the country's total import bill is expected to amount to no more than $400 million, a drop of over 40 per cent from last year's already depressed level. In 1981, Bolivia's exports fell by 4 per cent to $996 million, partially due to the drop in prices of principal export commodities such as tin. (The market price of tin has fallen to $4.35 a pound, below the $5.35 a pound it costs to produce it). Oil production has not met export targets and although there has been some growth in this sector, output barely exceeds domestic requirements.

Canadian exports to Bolivia were $10.3 million in 1981, up from $6.9 million in 1980 and at the end of September 1982 our exports totalled $8.1 million. Newsprint, communication and other electronic equipment, aircraft equipment and wrapping paper were the majority export items. Tin, Bolivia's principal export to Canada, accounted for about 88 per cent of our imports in 1981, followed by zinc, lumber and other metals.

Until IMF approval is obtained for a standby credit, no new loans are likely to be approved by the World Bank or by private lenders. Canada's Export Development Corporation will not consider loans to Bolivia until there is a significant improvement in the country's economic situation. Canadian exporters should concentrate on multilaterally-financed projects and on sales to the Bolivian private sector, provided outside financing is available.

Profile of Bolivia

General

Capital	La Paz
Area	1,098,581 km^2
Population	5.74 million
Official language	Spanish
President	Colonel Foretino Rico Toro

Key economic indicators — 1981

GDP current	U.S. $4.003 billion
GDP growth	–1.2%
GNP per capita	U.S. $697
Inflation rate	38.2%

Balance of payments (U.S. $ millions) — 1981

Balance of current account	–118.7
Overall balance of payments	100.0

Foreign trade (U.S. $ millions) — 1981

Exports	1,135
Imports	1,300
Trade balance	– 165
Principal exports	Tin (37%), natural gas (38%), silver (9%)
Principal imports	Foodstuffs, chemicals, capital goods
Main markets	U.S., Western Europe, Latin America
Main suppliers	Latin America, U.S., Western Europe

MAIN CANADIAN EXPORTS TO BOLIVIA

Commercial telecommunication, equipment, parts
Newsprint
Aircraft, assemblies, engines, parts
Wrap paper
Electronics equipment, components
Ammunition, parts
Polyethylene resins
Asbestos milled fibres, shorts
Liner board
Measuring and control instruments
Insulated wire and cable
Card punch sort tab computers, parts
Lab instruments, equipment, parts
Veterinary medecines
Nuts, bolts, screws, washers
Steel
Air conditioning, refrigeration equipment, parts
Furniture, special purpose
Fish and fish products
Wheat flour

Total main commodities
Total all commodities
Main as % of total

MAIN CANADIAN IMPORTS FROM BOLIVIA

Tin, fabricated materials
Zinc, ores, concentrates, scrap
Lumber
Precious metals, ores, concentrates
Veneer, mahogany
Coffee (green)
Aircraft, assemblies, engines, parts
Brazil nuts
Live animals
Outerwear
Sweaters

Total main commodities
Total all commodites
Main as % of total

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
15	1,736	635
808	1,059	1,002
48	918	338
419	675	—
—	666	—
—	549	—
115	405	543
100	389	257
629	381	—
85	287	102
40	209	—
77	205	111
14	194	18
—	184	80
121	158	104
1,094	142	61
—	—	1,952
—	—	652
16	—	552
181	—	269
4,608	8,157	6,676
6,948	10,288	8,046
66.3	79.3	82.9

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
12,165	15,853	4,396
2,312	771	—
88	487	31
791	384	—
57	164	36
230	159	—
—	143	—
610	99	83
—	16	26
26	25	19
37	40	21
16,316	18,141	4,612
16,681	18,493	4,720
97.8	98.1	97.7

BRAZIL

Like many other countries, Brazil is experiencing a recession and is trying to redress a considerable balance of payment deficit. As a result, the Brazilian government has adopted tough economic measures which include significant barriers to imports and onerous conditions on foreign purchases. Over the longer term, however, the country's natural wealth and growth potential make Brazil a market deserving the priority attention of Canadian exporters. Largely for this reason, Brazil has been singled out as a "country of concentration" under Canada's foreign policy.

The Economy

Brazil has set as priority the control of its current account deficit and the strengthening of its external financial position. This priority has been effectively translated into three goals:

a) reducing the current account deficit through improvement in the balance of trade;
b) improving the balance of trade through the reduction of oil imports and the increase of exports;
c) decreasing the rate of inflation.

These goals in turn are to be achieved through, *inter alia*, a tight monetary policy, liberal interest rate policy, priority treatment for agricultural development, stimulation of exports and domestic energy production, and exchange rates (i.e. devaluations) pegged to domestic inflation.

Against this background, Brazilian economic performance in 1981 must be viewed as modestly successful despite a considerable decline in the GDP (–1.9 per cent) and a greater decline than anticipated in industrial production. Inflation was reduced, dropping from 110 per cent in 1980 to 95.2 per cent, and the country's trade balance showed a dramatic turnaround from a $2.8 billion deficit in 1980 to a $1.2 billion surplus in 1981. Foreign bankers continued to view the country as a sound client. Continued large inflow of foreign capital therefore pushed Brazil's foreign debt to $61.4 billion.

Despite the decline in the GDP, 1981 finished on a positive note. The government, optimistic about the economic prospects for 1982, announced an anticipated reduction in inflation to 80 per cent, a GDP growth of 5 per cent, and a trade surplus of $3 billion to bring the current account within

comfortable control. Unfortunately, world economic circumstances have frustrated these objectives to some extent. Economic difficulties in several foreign markets, the continued strength of the U.S. dollar, the depressed commodity prices, and the war in the Falklands have had a serious negative impact on exports and investment. It has become clear that the economic objectives will be extremely difficult to achieve. Consequently, any significant relaxation of fiscal and monetary policies remains highly unlikely. Estimates of GDP growth are being revised downward to 2-3 per cent, inflation is expected to remain at 95 per cent, and the trade surplus may, with great difficulty, exceed $1.5 billion.

Canada-Brazil Trade

In an effort to maintain a positive overall trade balance which would generate much-needed foreign exchange, the Brazilian government has developed an extensive and complex system of export incentives combined with import controls. Such controls are administered by Cacex (the Foreign Trade Department of the Bank of Brazil) and include the outright prohibition of imports of some 2,000 products and stringent licensing of nearly all of the remainder. In addition, import tariffs are very high and are augmented by various surtaxes, foreign exchange transaction taxes, global import limits, and minimum term financing requirements.

As Brazil builds a trade strategy, some trends are becoming evident which may impact seriously on Canadian exports. It is clear that the developing countries, the Middle East and Eastern Europe have been identified as priority markets for Brazilian products and as such Brazil is willing to give favourable treatment to exports from these countries in order to gain greater access, in turn, to their markets. The effects of these policies, particularly vis-à-vis Eastern Europe, are already having a serious negative impact on some important Canadian exports. It also appears that preference (e.g. import licensing) is sometimes given to imports from countries with which Brazil has a trade surplus. As Canada has had the surplus in trade with Brazil for several years, increased sales are all the more difficult.

Canada-Brazil bilateral trade continues above $1 billion, although Canadian exports dropped 25 per cent in 1981 while imports increased by the same percentage. While Canadian exports continue to be dominated by raw materials such as wheat, sulphur, potash and metallurgical coal, there have been recent success stories involving major sales of Canadian capital goods. These include a $130 mil-

lion contract to supply the space segment of Brazil's new domestic communications satellite system and a $40 million sale of locomotive parts and components to Brazil's Federal Railway.

In the past year, this market has received considerable high-level attention with visits to Brazil by three Canadian ministers resulting in the establishment of a good rapport with Brazilian government and business leaders. The visit of the Brazilian President to Canada in July accompanied by a large contingent of businessmen provided an opportunity to conclude several commercial/financial agreements in a variety of sectors. Similarly the World Bank Annual Meeting in Toronto in September 1982 offered an opportunity to promote further contacts with the Brazilian business community.

Although a difficult market to penetrate, Brazil does offer opportunities for participation in large capital projects where sales can be linked, not only to export credit financing, but also to so-called parallel bank financing for local costs. Brazil has also begun to elicit offsets for major purchases. The recent successful sale of Canadian communications satellites included both favourable financing and offsets.

The Canadian banking community and Canada's Export Development Corporation (EDC) have taken a positive view of Brazil's long term economic outlook and have a combined loan exposure in that country approaching $5 billion. EDC and the chartered banks are currently supporting a number of major marketing initiatives by Canadian companies in this market.

Canadian direct investment in Brazil remains considerable and is a viable alternative to direct sales worthy of exploration by Canadian companies. One significant initiative by the Canadian government in this area was the technology transfer fair (TecCan '82) held in Sao Paulo at the end of September, involving some 40 Canadian companies.

Market Opportunities

According to the Third National Development Plan, 1980-1985, Brazil anticipates that its agricultural sector will grow at a faster rate than the industrial sector. In order to achieve this, modern farming methods based on the use of fertilizers will need to be employed. This should result in continued demand for potash and sulphur, two key ingredients in the manufacture of fertilizers. Opportunities for the sale of livestock and genetic material will also be available. As well, Canada should be able to maintain or expand its large share of Brazil's grain imports.

The energy sector and particularly petroleum exploration and development have also been given priority by the Brazilians in order to reduce the outflow of foreign exchange used to pay their oil import bills. Goods and services for ocean industries, including exploration, sub-sea well heads, supply boats, and semi-submersible rigs are a few of the products that Canada might sell to this sector.

Another priority of the Brazilian government is the promotion of export industries. Canada's aerospace industry has supplied the Brazilian industry with aircraft engines and sub-assembly systems which have been incorporated in Brazilian-made aircraft and re-exported. Opportunities are good for further co-operation in this area. Similarly the Brazilians are hoping to further develop their resource sector to increase exports. For this reason minerals, in particular, offer good investment possibilities in Brazil.

Finally, the Brazilians have ambitious plans to improve their telecommunications system and Canada is well-equipped to respond to specific opportunities in this sector. The domestic communications satellite project will involve requirements for earth station equipment and technology, in addition to the satellites to be supplied from Canada.

Investment Policy

The Brazilian government's position toward foreign investment is positive. The government recognizes the need for such investment as a source of capital and of technology essential to the country's economic development. However, in recent years the government has become more selective about the types of investment it actively encourages. A distinct preference exists for Brazilian-controlled joint ventures as the vehicle for foreign investment. Foreign capital is accorded essentially the same treatment as Brazilian capital, although there are some forms of discrimination against foreign-controlled firms (e.g. limitations on access to local financing and to industrial incentive programs).

Technology Transfer

Brazilian law requires that all contracts for transfer of technology (including licensing agreements, service contracts, etc.) be registered with and approved by the National Institute of Industrial Property (INPI). Registration with the Central Bank is also necessary for remittance purposes. Royalty payments from Brazilian firms are approved on a case-by-case basis at rates ranging from 1 per cent to 5 per cent of net sales. The maximum payment period allowed is usually five years.

Remittance of Capital and Profits

Remittance rights are established through registration of foreign capital with the Central Bank. Remittances of profits (including royalties) are subject to a basic withholding tax of 25 per cent. In addition, supplementary taxes (at rates ranging from 40 to 60 per cent) are imposed on profit remittances in excess of an average of 12 per cent per annum of registered capital over a three-year period. Capital may be repatriated without payment of tax up to the amount registered.

Profile of Brazil

General

Capital	Brasilia
Area	8,500,000 km^2
Population	125 million (est.)
Official language	Portuguese
President	Joao Batista Figueiredo

Key economic indicators — 1981

GDP current	U.S. $241.25 billion
GDP growth	–3.5%
GNP per capita	U.S. $1,915
Inflation rate	95%

Balance of payments (U.S. $ billions) — 1981

Balance of current account	–11.7
Overall balance of payments	622.0

Foreign trade (U.S. $ billions) — 1981

Exports	23.3
Imports	22.1
Trade balance	1.2
Principal exports	Coffee (6.8%), soya (15.2%), iron ore (8.6%)
Principal imports	Petroleum (49.5%), chemicals (5.8%) electric machinery (14.7%)
Main markets	EEC, U.S., ALADI countries, Japan
Main suppliers	OPEC countries, U.S., EEC, ALADI countries, Japan, Canada

MAIN CANADIAN EXPORTS TO BRAZIL

Wheat
Sulphur, crude or refined
Newsprint
Coal
Potassium chloride, muriate
Ships, boats, parts, accessories
Aircraft, engines, assemblies, equipment, parts
Fuel oil
Aluminum Fabricated materials
Copper refinery shapes
Zinc, blocks, pigs, slabs
Zinc ores, concentrates
Card punch sort tab computers, parts
Lead, lead alloys
Cod

Total main commodities
Total all commodities
Main as % of total

MAIN CANADIAN IMPORTS FROM BRAZIL

Coffee
Orange juice concentrates
Bauxite ore
Footwear
Steel
Cocoa, chocolate
Baler twine
Ferro alloys
Lumber
Yarn
Electronic computers, parts
Iron ore
Tin blocks, pigs, bars
Corned beef
Tires
Nuts
Motor vehicles, engines, accessories, parts

Total main commodities
Total all commodities
Main as % of total

(Cdn. $ 000s)		
(January-December)		(Jan.-Sept.)
1980	1981	1982
403,720	242,348	189,360
58,865	81,160	47,324
54,792	59,168	41,518
38,131	55,822	22,393
81,023	45,659	20,247
—	28,768	4,554
34,506	27,625	25,124
38,939	25,211	—
26,794	10,866	241
25,829	9,290	1,938
16,571	7,426	458
—	6,415	1,263
6,032	3,923	5,022
386	3,473	—
2,178	3,401	2,864
787,766	610,555	362,306
893,225	678,003	402,105
88.2	90.1	90.1

(Cdn. $ 000s)		
(January-December)		(Jan.-Sept.)
1980	1981	1982
56,185	81,573	67,879
38,909	61,733	61,416
40,771	49,531	36,289
21,570	36,362	36,093
13,014	18,430	22,338
20,340	15,619	11,426
11,123	13,812	11,920
8,164	11,839	3,261
9,509	10,636	1,804
2,954	10,216	9,111
—	8,966	35,390
7,417	7,675	—
5,552	7,655	7,561
5,088	7,247	7,106
4,541	6,401	2,073
4,791	6,182	4,523
47,097	4,142	5,345
297,025	358,019	323,535
347,772	430,805	392,085
85.4	83.1	82.5

CHILE

Since the fall of the Allende government in 1973, representative democratic government has been suspended and a military junta, headed by General Agusto Pinochet, has been in power. Although the political scene is expected to remain stable, it is anticipated that President Pinochet will continue to acquiesce to military wishes for shifts away from free market economic policies toward greater state involvement in the economy. On April 19, 1982, following criticism of the country's economic policies, President Pinochet requested the resignation of the 16-member Cabinet, and on April 22 announced a new Cabinet. This was followed by a second reshuffle of the Cabinet on August 30, 1982 when seven key ministers were replaced. These reorganizations appear to have been the result of political pressures arising from rapidly growing unemployment (more than 20 per cent), depressed copper prices in the export market and deteriorating recessionary conditions.

The Economy

The transformation of the Chilean economy from the verge of bankruptcy when the military assumed power in 1974 to one of the fastest growing economies in South America has been attributed largely to the freeing of market forces, including the introduction of a uniform tariff of 10 per cent. This appears to have worked well for Chile until 1981. However, during the past year, the Chilean economy entered a recessionary period and short term prospects are not promising. Yet in 1981 when zero or negative growth rates were common, Chile's Gross Domestic Product grew by 5.2 per cent and the rate of inflation was 9.5 per cent (down from 31.2 per cent in 1980). Some of the negative factors that have caused the downturn in the Chilean economy include high interest rates (which, *inter alia,* halted the boom in the construction industry), the drop in copper prices, and the general decline in world demand for copper, lumber and fishmeal. Provisional figures for 1982 are gloomy, with a decline of 13 per cent in GDP growth.

Although the Chilean government was intent not to devalue the peso, the Minister of the Economy, in a surprise move, announced on June 14 an 18 per cent devaluation of the peso in relation to the U.S. dollar. The peso had been fixed at 39 to the U.S. dollar since July 1, 1979; the new rate of exchange became pegged at 46 pesos to the dollar. Again on August 5, the government opted for a more active and

effective monetary policy through further devaluation of the peso by liberating the value of the dollar and other foreign currencies in relation to the peso. In the early days of free trading the peso fluctuated widely but subsequently settled around 60 pesos to the dollar. This move was necessitated by the fact that many Chileans had begun making large scale purchases of foreign currencies and real estate. While it is still too early to determine the effectiveness of these devaluations, it is hoped that the greater monetary liquidity will lower interest rates and hasten economic recovery.

Canada-Chile Trade

Canada's trade relationship with Chile has grown and broadened over the past several years, and our two-way trade has been in the order of $200 million per year.

In 1981, Canada's exports to Chile increased by 9 per cent, from $108.7 million in 1980 to $115.4 million in 1981. The most significant gain was in motor vehicles and parts which increased from $1.8 million in 1980 to $9.9 million in 1981. Other important Canadian exports included coal, $12 million; sulphur, $8.2 million; refined sugar, $5.4 million; zinc, $3.2 million; and asbestos, $3.0 million. Given the depressed economic situation, however, our exports in the first seven months of 1982 reached only $45 million, a 33 per cent decrease from the same period last year.

Imports from Chile which totalled $110.5 million and were about equivalent to Canadian exports, increased by 16 per cent in 1981 compared to 1980. The January — September period of 1982 shows a total import of $108 million. Principal imports from Chile during 1981 included metal ores and concentrates, $26 million; fresh grapes, $19.4 million; gold ores, $15.8 million; copper, $15.0 million; copper ores, $9.9 million; precious metals and ores, $4.4 million; and apples and crab apples, $4.1 million.

Although there is no formal government-to-government trade or economic committee, Canada's trade relations with Chile are furthered by the Canada-Chile Businessmen's Committee under the auspices of CALA. This Committee was inaugurated in October 1978 in Chile with the objective of bringing about a greater awareness amongst businessmen of the commercial opportunities and capabilities that exist in both countries. The most recent meeting was held in Vancouver in October 1981.

Over the past few years, Canadian companies have shown an increasing interest in Chile, expanding both their contacts and their exports; EDC and Canadian banks have

supported their endeavours. Major opportunities for Canadian companies appear to be in the high technology end of the resource industries such as mining and forestry.

Profile of Chile

General

Capital	Santiago
Area	756,626 km^2
Population	11.3 million
Official language	Spanish
President	General Augusto Pinochet

Key economic indicators — 1981

GDP current	U.S. $32.87 billion
GDP growth	5.2%
GNP per capita	U.S. $3,100
Inflation rate	20.0%

MAIN CANADIAN EXPORTS TO CHILE

Motor vehicles, engines, accessories, parts
Coal
Sulphur, crude or refined
Refined sugar, cane, beet
Wheat
Fabrics, man-made, natural
Fibres, man-made
Asbestos milled fibres, shorts
Zinc blocks, pigs, slabs
Steel, fabricated materials
Commercial telecommunication equipment, parts
Polyethylene resins
Instant coffee and preparations
Aluminum fabricated materials
Potassium chloride muriate
Plastic and synthetic rubber fabricated products
Excavating, dredging machinery, parts
Chewing gum
Molybdenum ores, concentrates, scrap
Card punch sort tab, computers, parts
Shipping containers boxes, cartons
Aircraft, engines, assemblies, parts

Total main commodities
Total all commodities
Main as % of total

Balance of payments (U.S. $ millions) — 1981

Balance of current account	–4,814
Overall balance of payments	70

Foreign trade (U.S. $ millions) — 1981

Exports	3,960
Imports	6,558
Trade balance	2,598
Principal exports	Copper (50%), manufactures (23.0%) other mining products (10%)
Principal imports	Petroleum, wheat, capital goods
Main markets	EEC, LAFTA, U.S.
Main suppliers	LAFTA, U.S., EEC

(Cdn. $ 000s)

(January-December)		(Jan.-Sept.)
1980	1981	1982
12,217	20,387	2,602
7,829	12,930	4,832
6,357	8,203	5,424
—	5,372	—
12,331	—	5,225
3,196	4,132	1,961
351	1,560	177
3,123	3,543	1,237
4,034	3,188	1,135
2,347	2,892	527
2,941	2,697	1,809
1,509	2,536	1,298
1	2,365	40
1,620	2,325	1,394
3,644	2,277	2,268
1,491	2,211	601
809	2,056	3
989	1,813	1,074
1,847	1,405	2,499
1,534	1,321	821
1,878	1,133	3,633
8,702	842	1,289
78,750	85,188	39,849
108,695	115,445	55,407
72.5	73.8	72.0

MAIN CANADIAN IMPORTS FROM CHILE

Metal ores, concentrates, scrap
Grapes, fresh
Gold ores, concentrates, scrap
Copper, refinery shapes
Copper, ores, concentrates, scrap
Precious metals, ores, concentrates, scrap
Apples and crab apples
Ferro alloys
Sodium nitrate
Silver
Nectarines, fresh
Pears, fresh
Apple juice concentrate
Total main commodities
Total all commodities
Main as % of total

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
54,271	26,046	23,271
14,763	19,482	25,789
5,409	15,886	183
1,223	15,084	16,457
5,877	9,942	10,038
586	4,427	10,191
2,455	4,100	4,732
402	3,397	459
1,402	1,757	645
—	1,679	3,098
1,063	1,179	1,579
817	1,043	1,675
1,212	318	3,091
89,480	104,340	101,208
95,382	110,560	108,948
93.8	94.4	92.9

COLOMBIA

With a population of 27.5 million Colombia is the third largest country in South America. It is a resource-rich country which is well developed industrially and has an expanding economy.

Colombia has maintained an impressive record of democratic government. Two parties, the Liberals and the Conservatives have dominated the political scene since the 1840s with the military holding power during the period 1953-1958. Colombia's new President, Belisario Betancur, is a Conservative and came to power in August 1982.

Exchanges between the Canadian and Colombian business communities were accelerated in 1976 by CALA with the establishment of the Canada-Colombia Businessmen's Committee. In January, 1982 the Minister of State for International Trade, the Honourable Ed Lumley, visited Colombia to promote the sale of Canadian equipment for the El Cerrejon coal project. His visit was followed by the visit to Canada of the Colombian Minister of Mines and Energy in June 1982 who signed an EDC line of credit for $160 million for the sale of equipment and services for El Cerrejon.

Bilateral trade between Canada and Colombia increased considerably in 1980 (50 per cent), stagnated in 1981 and increased another 10 per cent in 1982. Our exports in 1981 were $180 million, against imports of some $83.4 million, and preliminary statistics for 1982 indicate a similar volume of exports and imports, considering inflation.

In 1982, Canada participated in three major fairs in Colombia. Substantial sales were made by Canadian manufacturers exhibiting at the Bogota International Fair held in July. Canadian companies took part in the Public Works Fair in November 1982 and another 26 Canadian manufacturers participated in ANDI-Canex 82 in the same month. ANDI-Canex is a technology show sponsored by the Colombia industry association known as ANDI and CIDA's Industrial Co-operation Division. A number of potential joint ventures or licensing arrangements were discussed during the latter event.

The Economy

The Colombian economy in 1982 registered a low GDP growth rate (estimated at 1.5 per cent) with inflation running below 20 per cent. Total GNP was estimated at U.S. $41.1

billion with a GNP per capita evaluated at U.S. $1490. Based on preliminary statistics of the Central Bank at the end of 1982, Colombia's exports have decreased while imports climbed and Colombia registered a deficit of U.S. $2 billion, the largest commercial deficit in Colombian history. Nevertheless, with its foreign reserves of over $4 billion, enough to cover all its short term debt, Colombia enjoys one of the best credit ratings in South America. In order to restore economic growth the new Conservative government is determined to increase production, make more credit available and restrict the imports of certain goods i.e. food, textiles, etc. Construction and housing together with the energy, mining and transportation sectors will be a priority for the new administration.

Large capital projects in the oil and mining sectors are expected to generate more foreign currency toward 1985-1986.

In December 1982, the government announced a "buy Colombian" policy giving preference to Colombian goods and services in public tendering. This policy is not expected to affect multilaterally-financed CIDA or EDC financed projects.

Market Opportunities

Colombia's 1981-1984 development plan contains 117 public investment projects valued at approximately $21 billion. Many of these are in fields of strong Canadian capability. Despite a temporary 32 per cent cutdown in 1983's investment budget, most of these projects are expected to be implemented, although some will be postponed for a few years.

A significant amount of capital will be required over the next five years in the field of power generation and transmission. Hydroelectric projects valued at $10 billion are planned, increasing current capacity of 4,200 MW to 11,200 MW by 1990. Best prospects for this sector include: hydroelectric turbines, generators, transformers, back-up diesel generators, emergency lighting, high tension transmission systems, distribution and control systems for commercial and private building projects.

Housing and construction will also offer good opportunities for Canadian companies. Construction license approvals in 1981 were up 18.7 per cent nationally and up 22.4 per cent in Bogota over 1980. National highway development plans call for the expansion and improvement of 50,000 Km of roads. The World Bank and the Inter-American Development Bank are financing some of these projects.

Colombia's commitment to modernize and centralize the communication sector will continue in 1984. Colombia intends to launch its own communications satellite (SATCOL) and construct 156 ground receiving stations, a satellite control network and provide equipment to link the satellite with existing communications facilities. Planned investments will total over $619 million from 1981 to 1985 for expanded domestic service in telephone, television, telex, telegraph, radio program distribution and data transmission. Transportation in the form of railroad expansion and rehabilitation, port modernization, highway building, airport modernization, aircraft, will require more than one billion dollars. In the same sector mass transportation systems for Bogota and Medellin are forecasted to cost close to $3 billion.

Other significant expenditures are planned for petroleum exploration and investments, for industrial plants, agro-industrial projects and irrigation, water and sewage, as well as for education and medical projects.

The agricultural sector also offers opportunities. The new administration is expected to set new incentives and policy for agricultural producers including better credit conditions, reduction of import duties for agricultural equipment and more effective government assistance. Best prospects for Canadian sales exist for tractors, harvestors, dust sprayers and equipment for soil testing and irrigation.

It is expected that private sector investments, while not as large, will also be attractive as Colombia continues its attempts to increase its non-traditional exports, lowering its dependence on coffee. These investments include cement plants, fertilizer complexes, pulp and paper projects, sponge iron production facilities, caustic soda plants, expansion of present manufacturing capabilities in petrochemicals, and a number of construction projects in hotels, houses, hospitals, office buildings, etc.

Foreign Investment and Commercial Policy

Colombian government policy toward foreign investment has been traditionally favourable. However, during recent years the trend of this policy has gradually become more restrictive. The formation of regional groups such as the Andean Common Market which implies commitments for joint decisions of member countries on crucial matters, such as the treatment of foreign investment, has contributed to this change in policy. Indications are that foreign capital in Colombia will in future be required to accept a minority position.

As a start toward controlling industrial pollution, foreign companies are barred from establishing new plants in the

immediate areas of Bogota, Medellin and Cali. This restriction may be extended to include expansion of current facilities and of domestic industries.

There are several duty-free industrial areas in Colombia — at Palmasica (near Cali), Barranquilla, Cartagena and Cucuta (on the border with Venezuela) — and Leticia in Amazonas where the borders of Colombia, Brazil and Peru meet. These offer special advantages to industrial investors particularly where exports are concerned.

Local industry is protected by a combination of tariffs and import controls. Colombia is a member of the Latin American Integration Association (ALADI) and the Andean Pact (ANCOM), and in 1981 became a full member of GATT.

Profile of Colombia

General

Capital	Bogota
Area	1,141,148 km^2
Population	27.5 million
Official language	Spanish
President	Belisario Betancur

Key economic indicators — 1981

GDP current	U.S. $40.371 billion
GDP growth	3.5%
GNP per capita	U.S. $1,440
Inflation rate	30.0%

Balance of payments (U.S. $ millions) — 1981

Balance of current account	–1.694
Overall balance of payments	200

Foreign trade (U.S. $ millions) — 1981

Exports	3,755
Imports	4,850
Trade balance	–1,095
Principal exports	Coffee (48%), cotton (5%), fruits (4%), textiles and clothing (3%), sugar (3%)
Principal imports	Transportation equipment, machinery, metals
Main markets	U.S., West Germany, Venezuela, Netherlands, Spain, Japan, Canada
Main suppliers	U.S., Japan, Venezuela, West Germany, Canada, Spain, Brazil

MAIN CANADIAN EXPORTS TO COLOMBIA

Newsprint
Motor vehicles, engines, accessories, parts
Barley
Aircraft, assemblies, engines, parts
Polyethylene resins
Aluminum, fabricated materials
Asbestos milled fibres, shorts
Plastic and synthetic rubber, fabricated products
Construction machinery, equipment
Wood pulp
Industrial chemical specialties, explosives
Card punch sort tab computers, parts
Groundwood printing paper
Steel, fabricated materials

Total main commodities
Total all commodities
Main as % of total

MAIN CANADIAN IMPORTS FROM COLOMBIA

Coffee
Bananas, plantains
Fuel oil
Cut flowers, decorating materials
Corduroys
Yarn
Woven fabrics

Total main commodities
Total all commodities
Main as % of total

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
24,122	42,044	29,299
48,216	30,094	28,349
13, 280	14,240	9,888
8,424	7,933	10,327
7,900	7,741	4,224
12,790	7,667	4,346
11,577	7,085	14,565
11,725	6,683	9,648
656	5,039	152
5,442	4,247	2,475
1,033	3,251	1,185
1,966	2,270	2,567
1,194	1,537	1,173
8,220	1,398	617
156,545	141,229	118,815
185,112	180,125	143,061
84.6	79.6	83.1

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
75,507	32,983	24,925
7,064	16,023	21,393
—	13,257	9,346
4,265	7,025	6,362
4,665	4,933	1,620
3,504	2,959	1,862
1,106	1,933	1,675
96,111	79,113	67,183
101,494	83,394	70,169
94.7	94.9	95.7

ECUADOR

President Jaime Roldos was inaugurated as the first democratically elected President in August 1979 after seven years of military rule. In May 1981, President Roldos was killed in a plane accident and was succeeded by Vice-President Osvaldo Hurtado Larrea. President Hurtado has been engaged in political maneuverings in an attempt to build up a pro-government majority out of the diverse factions in Congress. He was able to form a coalition for the reconvening of Congress in August 1981, which has generally supported his legislative programme.

Since the inception of democratic government in Ecuador in 1979, political in-fighting between the various factions has at times paralyzed the legislative process. There have been numerous cabinet changes in the past years, slowing down the decision-making process and delaying major projects.

A recurrent issue in the nation's public life is the large territory lost to Peru by the Rio Protocol of 1942. Peru and Ecuador had open hostilities over this territory in November 1981, however, relations between the two countries have since normalized.

The Economy

Following a period of rapid growth of real GDP between 1976 and 1980 averaging 6 per cent per year, the expansion slowed to 4.2 per cent in 1981 and has decelerated further to about 2 per cent in 1982, reflecting a marked slowdown in the rate of increase of output in manufacturing, commerce and services, and a contraction in construction activity and petroleum output.

The rate of inflation increased from 12.75 per cent in 1980 to 14.75 per cent in 1981 and 16 per cent in 1982. Projections indicate that the rate will reach 20 per cent in 1983.

The overall public sector deficit rose to 5.7 per cent of GDP from 4.7 per cent in 1980, principally on account of a sharp deterioration in the finances of the Central Government. The public sector, as in previous years, financed its deficit entirely by net foreign borrowing. Net international reserves of the banking system declined by almost $300 million. Unfavourable price developments for Ecuador's main exports and a sharp rise in interest payments abroad contributed to a widening of the current account balance of payments deficit in 1981 to 7.5 per cent of GDP. The current account

deficit is expected to decline to 6.3 per cent of GDP in 1982 due to an expected decline in imports.

Ecuador's total external debt exceeded U.S. $6 billion in 1982. The rapid growth in external debt together with shorter maturities and high international interest rates resulted in a significant increase in debt service.

Faced with this rapidly deteriorating economic situation, Ecuadorian President Hurtado implemented wide ranging economic measures including a request to major banks for a rescheduling of their public sector debt of $1.2 billion falling due over the period November 1, 1982 to December 31, 1983. Discussions have also been held with the IMF, and following the negotiation of an IMF agreement, it is expected that banks will then negotiate the requested debt rescheduling. President Hurtado has doubled gasoline prices, ended wheat subsidies, devalued the sucre, and increased prior import deposit requirements in an attempt to encourage importers to seek longer financing terms.

Ecuador's economic recovery is closely tied to a worldwide economic recovery and to higher prices for petroleum, as well as other major export commodities (fish products, bananas, coffee, cocoa). Ecuador has significant unexploited oil reserves, and in an effort to attract major oil exploration activity, the government has passed new oil legislation designed to encourage foreign participation in exploration and development. Detailed regulations are expected in 1983 and Ecuador's future economic growth will depend to a large degree on their ability to attract foreign oil companies and to bring on stream new commercial oil. There is general agreement among informed observers that Ecuador's long term prospects are favourable.

Petroleum Industry

Petroleum production averaged 76.6 million barrels per year in the period 1979-1981, equivalent to 210,000 barrels per day. Ecuador is the third largest oil exporter in Latin America, after Venezuela and Mexico, and is an OPEC member. Proven reserves are quoted at 1.2 billion barrels. By 1981, petroleum was generating about 68 per cent of total commodity export receipts. Future economic development of Ecuador in the long term will depend upon its ability to produce more oil. In recognition of the need for expanded oil exploration and development, Congress has passed a new Hydrocarbon Law which is now in force. The new legislation will open the country to foreign exploration. Service contracts will be awarded through a bidding process and will last up to four years in the exploration phase and up to 20

years in the exploitation stage. Services will be paid for in either oil or money or a combination of both.

Hydroelectric Power

Progress is being made on expanding Ecuador's hydroelectric sector, which at present accounts for only 30 per cent of generating capacity compared with 70 per cent generated by thermo-electric plants. This position is expected to be reversed by 1986, despite an annual increase in electrical consumption of 14 per cent.

Agriculture

Farmers producing the main export crops of bananas, cocoa and coffee are suffering from a decline in international prices. Growers of other agricultural products have benefitted from the resumption of rains earlier in 1981. Agriculture's contribution to the GDP fell from 16.2 per cent in 1977 (22.4 per cent in 1972) to 14.5 per cent in 1981. This sector employs about half the economically active population and provides more than one-third of the country's exports in raw or processed products. Shrimp production has become an important export earner for Ecuador.

Canada/Ecuador Trade and Economic Relations

At the request of the Canadian business community and in response to considerable commercial opportunities, the Canadian government re-opened an Embassy in Quito in 1980. Canadian exports increased from $49 million in 1979 to $81 million in 1980 and remained at the same level in 1981, although slipping somewhat so far in 1982. The Ecuadorian market offers significant potential for Canadian exporters in hydroelectric, petroleum, transportation, irrigation, urban development, telecommunications and education sectors. An Economic Co-operation Agreement has been negotiated with Ecuador which provides for co-operation in the development of priority sectors.

Profile of Ecuador

General

Capital	Quito
Area	281,300 km^2
Population	8.64 million (mid-1981 estimates)
Official language	Spanish
President	Osvaldo Hurtado Larrea

Key economic indicators — 1981

GDP current	U.S. $11.4 billion
GDP growth	4.5%
GNP per capita	U.S. $1,588
Inflation rate	15%

Balance of payments (U.S. $ millions) — 1981

Balance of current account	–1,091
Overall balance of payments	–286.8

Foreign trade (U.S. $ millions) — 1981

Exports	2,567.7
Imports	2,359
Trade balance	208.7
Principal exports	Petroleum (60%), bananas (9%), fish products (7%), fuel oil (6.5%)
Principal imports	Petroleum (49.5%), chemicals (5.8%), electric machinery (14.7%)
Main markets	U.S., Panama, Chile
Main suppliers	U.S., Japan, Germany

MAIN CANADIAN EXPORTS TO ECUADOR

Newsprint
Motor vehicles, engines, accessories, parts
Corrugating container board
Gold
Steel, fabricated materials
Asbestos milled fibres, shorts
Zinc blocks, pigs, slabs
Food preparations
Rubber coated tire fabrics
Plastic and synthetic rubber, fabricated products
Polyethylene resins

Total main commodities
Total all commodities
Main as % of total

MAIN CANADIAN IMPORTS FROM ECUADOR

Bananas, plantains
Coffee
Cocoa
Shrimps, prawns
Windows, doors, window frames
Cantaloups, muskmelons

Total main commodities
Total all commodities
Main as % of total

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
12,071	16,338	9,204
11,258	11,305	3,369
7,090	10,247	6,943
265	8,149	3,312
4,317	6,457	3,207
3,858	3,544	2,781
2,444	3,120	1,993
6	2,899	—
100	2,389	2,225
1,788	1,588	645
568	499	1,434
43,765	66,535	35,113
82,414	84,155	44,265
53.1	79.0	79.3

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
26,046	30,420	26,342
8,439	9,712	8,243
4,305	1,751	982
944	1,739	2,349
—	435	394
229	155	31
39,963	44,212	38,341
40,642	47,094	39,335
98.3	93.9	97.5

PARAGUAY

Since 1954 Paraguay has been under the firm rule of General Stroessner of the Colorado Party. On February 2, 1978, President Stroessner was re-elected for another five-year term — to 1983. In 1981 the real Gross Domestic Product (GDP) of Paraguay grew at a rate of 8.5 per cent. Although lower than the unprecedent annual average rate of growth of 10.5 per cent in 1976-1980, this rate was one of the highest achieved by developing countries.

This modest deceleration which continued in 1982 is adversely affected by various developments, in particular the continuation of recessions in the neighbouring countries, their principal trading partners, the persistence of high interest rates in the international financial markets, and delays in the start-up of the construction of the Yacyreta hydroelectric plant. Also in 1982, the value of the dollar in the fluctuating currency market showed a considerable increase, raising from a relatively stable average of U.S. $1 = G 165 in the first three months of the year to about G 200 in July (the last month for which information is available). Although the economy of the country is currently at a depressed level, traditionally Paraguay has maintained a low per capita ratio and should be able to effect a fast recovery once economic conditions improve in neighbouring countries.

Canada-Paraguay Trade

During 1981 Canada's total exports to Paraguay were $1.3 million in comparison with $1.9 million in 1980. Imports from Paraguay also fell substantially from $4.5 million in 1980 to $1.3 million in 1981. The drop in imports was due primarily to a decrease in coffee purchases — from $4.0 million in 1980 to $0.7 million in 1981. Canada's exports to Paraguay show a total of $360,000 for the 1982 (January — September) figures and imports of $883,000 for the same period.

Canada's exports to Paraguay are composed primarily of manufactured items and include such goods as watches, cars, card sort computers, newsprint paper, etc. Canada imports agricultural and resource-based products from Paraguay including coffee, cotton, fur skins, tung oil and meat extracts.

Although Paraguay is not a member of the GATT at the present time, they have re-initiated negotiations begun in 1975 for full membership. Canada enjoys good trade relations with Paraguay; however, there is no formal bilateral trade agreement.

While Canada is not experiencing any particular problems in trade relations with Paraguay, the total commercial exchange between our two countries is small. However, potential does exist for Canadian manufacturers in supplying equipment to some of the large capital projects that are already underway or in the early stages of planning, e.g. Yacyreta hydroelectric project, transmission lines, two new port facilities, irrigation and reforestry projects. In addition to exports associated with these large projects, there is also an opportunity, although limited, to supply a wide range of manufactured products such as card punch equipment, electronic equipment, sheet steel, saws and parts, rock drills, polyethylene resins, geophysical prospecting equipment and newsprint.

Profile of Paraguay

General

Capital	Asuncion
Area	406,752 km^2
Population	3.15 million
Official language	Spanish
President	General Alfredo Stroessner

Key economic indicators — 1981

GDP current	U.S. $5.038 billion (estimate)
GDP growth	8.5%
GNP per capita	U.S. $1,600
Inflation rate	13.0%

Balance of payments (U.S. $ millions) — 1981

Balance of current account	–545.3
Overall balance of payments	164.5 (1980)

Foreign trade (U.S. $ millions) — 1981

Exports	365
Imports	690
Trade balance	–325
Principal exports	Cotton fibre (46%), soya beans (16%), timber (11%), vegetable and essential oils (7%)
Principal imports	Mineral fuels (26%), machinery (18%), transportation equipment (14%)
Main markets	Argentina, Brazil, West Germany Japan, U.S.
Main suppliers	Brazil, Argentina, U.S., Japan, West Germany

MAIN CANADIAN EXPORTS TO PARAGUAY

Watches, watch movements, parts
Motor vehicles, engines, accessories, parts
Card punch sort tab computers, parts
Newsprint
Nuts, bolts, screws, washers
Excavating, dredging machinery, parts
Polythylene resins
Sugar preparations, confectionary
Bird seed
Sheet, strip steel
Saws, sawmill machinery, parts
Chainsaws, accessories, parts

Total main commodities
Total all commodities
Main as % of total

MAIN CANADIAN IMPORTS FROM PARAGUAY

Coffee, (green)
Print cloth
Fur skins
Chinawood oil, tung oil
Extracts of meat
Glove, garment leather

Total main commodities
Total all commodities
Main as % of total

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
308	333	—
435	220	—
267	125	121
—	109	—
38	93	11
—	82	—
—	53	24
14	37	23
—	—	69
86	—	46
—	—	35
40	40	31
1,188	1,092	360
1,931	1,364	520
61.5	80.1	69.2

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
4,003	795	493
—	347	—
382	103	—
69	66	—
—	41	—
—	—	390
4,454	1,352	883
4,541	1,389	1,025
98.1	97.3	86.1

PERU

On July 28, 1980, the democratically elected government of President Fernando Belaunde Terry was inaugurated, ending 12 years of military rule. The new government has liberalized imports, encouraged foreign investment in petroleum and mining, stimulated development in the long neglected Upper Amazon, and passed new legislation aimed at decentralizing industry away from the capital. It also plans to sell off a number of money losing state enterprises.

The Economy

Since taking office, the Belaunde government has increasingly opened the economy to outside competition and encouraged greater private sector participation. New laws have encouraged investment in mining and petroleum; import tariffs have been reduced; interest rates have been lowered and the sol has been developed in a controlled manner at an annual rate of 65 per cent, which compensates partially for the inflation rate.

The GDP has shown improvement after several years of negative or minimal growth. The growth rate was 3.9 per cent in 1981 compared to 3.1 per cent in 1980 and was expected to rise by 2-3 per cent in 1982. Agriculture recovered in 1982 from the drought of previous years with a 12 per cent growth rate.

Inflation has not abated; the cost of living index went up by 72 per cent in 1981. As of June 1982, the rate of inflation was equivalent to 61 per cent. This rate was expected to continue to drop in 1982.

The achievement of large overall balance of payment surpluses in 1979 and 1980 was significantly facilitated by favourable prices for Peru's major exports. In 1981 a drop in export prices, particularly for minerals, combined with continued growth of imports produced a deterioration of the trade account of almost U.S. $1.4 billion or about 7 per cent of GDP. After a small surplus in 1980, the current account ended with a deficit of U.S. $81.5 billion in 1981, equivalent to 7.5 per cent of GDP. The current account position deteriorated further in 1982 because of still lower export prices. At the end of June 1982, net official reserves amounted to U.S. $593 million representing about seven months of imports.

Exports for 1981 were U.S. $3.255 million, and the value of exports during January — June 1982 was 4 per cent below the value recorded for January — June 1981. Following an expansion of 57 per cent in 1980 amidst a major trade liberalization, import growth slowed to 24 per cent in 1981 to U.S. $3.803 million. Imports in the first six months of 1982 increased by 1 per cent over the same period in 1981.

The government has proposed and/or enacted several options for reducing future deficits. These include raising the domestic price of gasoline; the sale, closure or conversion to joint ventures of more than 80 loss-making state-owned companies; raising import tariffs on maize, fats, milk and products currently imported duty-free; issuing more treasury bonds; increasing electricity rates and the cost of other public services; and cutting expenditures on non-priority development projects.

Canada-Peru Bilateral Trade

During 1981, Canadian exports to Peru totalled $92.5 million, an increase of 69 per cent over 1980 figures and imports decreased by 47 per cent to $54.7 million. The January — September figures for 1982 show $65.5 million of Canadian exports to Peru and $22.2 million imported from Peru. During the past three years, Canada has increased its exports to Peru more than to any other country in South America.

Peru is a member of GATT, the Andean Pact and LAFTA. Canada-Peru trade relations are governed by the Treaty of Commerce and Navigation signed between Britain and Peru on October 6, 1935. Peru and Canada exchange most favoured nations treatment and Canada accords Peruvian exports preferential treatment under the General Preferential Scheme (GPS).

Opportunities exist for Canadian companies in telecommunications, hydroelectric generation and transmission, railways, urban transit, forestry, fisheries and petroleum development.

Profile of Peru

General

Capital	Lima
Area	1,280,000 km^2
Population	17.8 million (1980)
Official language	Spanish
President	Fernando Belaunde Terry

Key economic indicators — 1981

GDP current	U.S. $20,84 billion
GDP per capita	U.S. $1,140
Real GDP increase	4.5%
Rate of inflation	73.0%

Balance of payments (U.S. $ millions) — 1981

Balance of current account	–1,595.8
Overall balance of payments	731.2

MAIN CANADIAN EXPORTS TO PERU

Motor vehicles, engines, accessories, parts
Newsprint
Mining machinery, equipment, parts
Polyethylene resins
Steel, fabricated materials
Aluminum fabricated materials
Plastic and synthetic rubber, fabricated products
Barley
Railway ties
Petrol, coal gas production machinery, parts
Construction machinery, equipment, parts
Railway, street, roll, stock, parts
Asbestos milled fibres, shorts
Earth drilling and related machinery, parts
Locomotives, tenders, equipment, parts
Excavating, dredging machinery, parts
Tires
Aircraft, assemblies, engines, parts
Drills, bits
Card punch sort tab computers, parts
Industrial chemical specialities, explosives
Milk powder
Ammonium nitrate

Total main commodities
Total all commodities
Main as % of total

Foreign trade (U.S. $ millions) — 1981

Exports	3,247
Imports	3,879
Trade balance	–632
Principal exports	Copper (15%), silver (8%), Fishery products (12%), oil and derivatives (20%)
Principal imports	Raw materials and intermediate goods (31%), foodstuffs (12%)
Main markets	U.S., Japan, Italy, West Germany, Britain, Brazil
Main suppliers	U.S., Ecuador, Venezuela, West Germany, Japan

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
1,614	10,467	3,681
554	8,451	7,825
2,157	7,742	2,184
1,814	4,485	1,319
9,413	3,231	3,812
1,136	3,131	1,351
2,414	3,130	1,619
3,122	3,127	4,308
—	2,884	1,150
1,159	2,701	378
337	1,936	255
1,087	1,819	6,094
3,452	1,650	991
529	1,578	461
46	1,558	1,678
119	1,438	495
222	1,406	901
2,981	1,233	1,801
863	1,047	811
1,244	1,008	1,594
370	891	1,663
—	8	4,523
114	—	3,371
34,747	64,921	52,265
52,713	92,488	65,536
65.9	70.2	79.8

MAIN CANADIAN IMPORTS FROM PERU

Coffee
Precious metals, ores, concentrates
Copper ores, concentrates
Copper, refinery shapes
Metal ores, concentrates, scrap
Gold alloys
Fabrics
Yarn
Silver
Sardines, sprats, pilchards
Cocoa
Gold ores, concentrates
Total main commodities
Total all commodities
Main as % of total

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
17,328	17,052	11,417
40,678	6,693	4,635
1,852	6,237	175
5,869	5,242	2
7,376	3,610	282
2,847	2,048	1,055
885	1,671	573
246	742	1,047
13,707	508	—
—	114	319
466	68	336
174	—	201
91,428	43,985	20,042
94,141	49,747	22,232
97.1	88.4	90.1

URUGUAY

Uruguay, a small country with a population of approximately 3 million was traditionally a democratic country until the closure of the Parliament in 1973. Since 1977, the country is ruled by General Gregoria Alvarez. Internal elections were held at the end of November 1982 with the parties officially recognized as follows: the National Party (Liberal) and the Civic Union (Catholic Conservative). This preliminary election subscribes in the promise of the present regime to re-establish democracy before March 1985.

The Economy

The Uruguay economy, like many of other countries, is currently in the grips of a recession. After a GDP growth of 1 per cent in 1981, the 1982 figure has declined to about 6 per cent and is predicted to fall by as much as 3 to 4 per cent in 1983. In the industrial sector the lifting of tariff barriers together with persistent high interest rates has caused many industries to reduce production and lay off workers. In 1981 industrial production fell 3.2 per cent interrupting a seven-year growth cycle. The overvalued peso has caused a decline in the tourist trade from Argentina and Brazil and has also resulted in a dramatic decline in the construction industry, particularly in tourist areas. Although preliminary figures for 1982 are not good the government is attempting to reduce some of the problems by opening the economy to free market forces thus forcing local industry to become more competitive. The government is also reducing its intervention in livestock markets. These domestic policies if accompanied by an improvement in the economies of Brazil and Argentina could result in a turnaround in recessionary conditions and a return to an annual GDP growth rate of 4 per cent.

Canada-Uruguay Trade

Most of Canada's exports to Uruguay are resource-based and include such products as newsprint, seed potatoes, polyethylene resins, and various specialized equipment. In addition to the export of individual products, Canadian firms are also pursuing projects in the communications, transmission lines and transportation sectors where good export potential exists over the longer term. Canadian imports from Uruguay include women's leather handbags and purses, worsted and woolen fabrics, luggage, sweaters, boots and shoes.

Investment and Import Controls

Uruguay is keen to attract foreign capital. Two laws important to potential investors were approved in 1974. Repatriation of profits and capital by foreign investors is guaranteed by the Foreign Investment Law No. 14179 and favourable tax rates and other incentives are granted under the Industrial Promotion Law No. 14178.

All imports must be registered, although import permits are not required. Tariffs are largely ad valorem based on a fixed valuation (aforo) by the Uruguayan authorities on c.i.f. transaction price. Uruguay is a member of GATT. Bilateral payment agreements are operated with East Germany, Czechoslovakia, Poland and Spain.

Profile of Uruguay

General

Capital	Montevideo
Area	186,926 km^2
Population	3.02 million
Official language	Spanish
President	General Gregorio Alvarez

Key economic indicators — 1981

GDP current	U.S. $9.8 billion
GDP growth	1.0%
GNP per capita	U.S. $3,371
Inflation rate	40.0%

Balance of payments (U.S. $ millions) — 1981

Balance of current account	–417
Overall balance of payments	85.3 (estimate)

Foreign trade (U.S. $ millions) — 1981

Exports	1,200
Imports	1,500
Trade balance	–300
Principal exports	Textiles (22%), meat (25%), leather (19%)
Principal imports	Petroleum (30%), capital goods (26%)
Main markets	Brazil, U.S., West Germany
Main suppliers	Brazil, Argentina, U.S.

MAIN CANADIAN EXPORTS TO URUGUAY

Newsprint
Potatoes, seed
Polyethylene resins
Aluminum fabricated materials
Card punch sort tab computers, parts
Commercial telecommunication equipment
Food, beverage machinery
Steel fabricated material
X-Ray, related equipment
Gold
Construction machinery, equipment

Total main commodities
Total all commodities
Main as % of total

MAIN CANADIAN IMPORTS FROM URUGUAY

Women's handbags, purses
Fabrics, natural
Footwear
Sweaters
Luggage
Wool tops
Art, decorative ware
Leather
Oranges, mandarines, tangerine
Coats

Total main commodities
Total all commodities
Main as % of total

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
3,584	7,820	824
4,016	2,045	3,317
2,238	1,073	512
430	889	—
568	649	532
116	598	399
23	455	8
200	404	42
1	337	1
—	—	2,745
2,208	134	206
13,384	14,404	8,586
17,599	18,189	10,407
76.0	79.2	82.5

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
2,506	3,172	1,199
1,540	3,561	3,889
608	672	291
167	431	232
713	356	93
—	326	—
145	316	126
251	245	682
21	—	201
276	110	154
6,227	9,189	6,867
8,438	10,094	7,446
73.8	91.0	92.2

VENEZUELA

Venezuela, with the highest per capita income in Latin America and a stable democratic political system, remains a major supplier of petroleum and Canada's largest trading partner in Latin America. Since the 1973 petroleum boom, Venezuela has sustained an average growth rate of nearly 7 per cent. The country's extensive industrial and agricultural development projects and significant consumer goods market provides continued excellent sales prospects for Canadian business. Although balance of payments and inflation difficulties have arisen in recent years, the Herrera Administration, which came to power in March 1979, has returned the country to a more disciplined economic management.

Canada-Venezuela two-way trade increased sixfold between 1970 and 1980 reaching a total of nearly $2.9 billion in 1981. Oil continues to dominate the terms of Canadian-Venezuelan trade accounting for nearly 99 per cent of imports valued at $2.34 billion in 1981. Canadian exports, which totalled $545 million in 1981, are dominated by automotive products comprising more than 70 per cent of total exports followed by forestry products (newsprint) and equipment for the resource sector. The 1982 January — September figures show Cdn. $352.7 million of exported commodities to Venezuela against $1,391 billion of imports for the same period.

The publication of the "Sixth National Development Plan 1981-1985" stated Venezuela's intentions to embark upon a major program of industrial expansion, directed toward a diversification of its industrial base away from the petroleum sector thus offering excellent opportunities for Canadian manufacturers.

In February 1981, Venezuelan Foreign Minister Jose Alberto Zambrano made an official visit to Canada. This visit was reciprocated by Minister of State for International Trade Ed Lumley in July 1981 on the occasion of the inauguration of the new Telidon terminal. In January 1982, the Secretary of State for External Affairs, the Honourable Mark MacGuigan, visited Venezuela. It is expected that further ministerial visits will occur in 1982-1983 underlying the high priority Canada and Venezuela are now placing on bilateral relations.

In addition to government-to-government contacts, meetings have recently taken place in Toronto sponsored by CALA

and the CMA aimed at expanding contacts between the public and private sectors of Canada and Venezuela.

The Economy

Venezuela's economy has experienced a major slowdown since 1981 linked primarily to the worldwide recession and a lowering of petroleum prices. In 1982 there was a 20 per cent decline in the revenue from the petroleum sector and the growth in overall real GDP was only 0.4 per cent. The economy is not expected to improve appreciably in 1983. As a result the Venezuelan government has cut capital budget spending by some 30 per cent in its new budget.

In 1982, the domestic price of gasoline was increased, tax exemptions on imports by the petroleum industry were cancelled, and import quotas on specific goods were introduced. All these measures are part of a restrictive fiscal and monetary policy which will prevail through 1983. The inflation rate is expected to be around 10 per cent, with zero or negligible growth of the GNP. In summary, Venezuela will continue to face considerable difficulties in 1983 caused by the world oil glut. The resulting deterioration of the current account and economic stagnation will impose a considerable burden on the economy. Despite increased oil reserves and high foreign reserves (although the latter were reduced by 41 per cent last year), the high proportion (47 per cent) of short term debt to the U.S. $18.5 billion total public debt creates uneasiness among bankers. Combined with an apparent lack of concern for management and disagreement over rescheduling packages by the government, there is more talk of a possible devaluation of the currency in 1983. However, longer term prospects appear sound and the thrust to develop the infrastructure is expected to continue.

In November 1982, in order to give more protection to a battered industry, the government announced "temporary" import restrictions banning some 146 products (foodstuffs, building materials and equipment, printing machinery, textiles, household appliances, etc.), increased tariffs on 258 items (tractors, certain categories of vehicles, canned fish and meat products, etc.), and restricted 18 products to imports only by the government (mostly foodstuffs, raw materials and chemicals).

The Development Plan

The final version of the Sixth National Development Plan (1981-1985) calls for a less ambitious program than had

been originally outlined. Despite the cutback in planned public investment expenditures over the five year period, the primary objectives and strategy of the Plan have remained as originally planned.

In spite of temporary funding problems, the public sector investment under the Plan is expected to be directed toward a major program of exploration and development in the all important petroleum sector (about U.S. $17.3 billion or almost 30 per cent of total planned outlays) and completion of many of the large projects undertaken as part of the Fifth Plan, including expansion of the steel production capacity of CUG-Side-Rurgica del Orinoco (SIDOR), the Guri hydroelectric facility, the Interamericana de Alumina C.A. alumina project and the Caracas subway. Work on new projects such as the planned steel and coal complex in Zulia state will proceed in a more controlled fashion consistent with market conditions.

Five-year expenditures for health, education, nutrition and housing are projected at almost U.S. $14 billion or more than 23 per cent of outlays. Of this amount, almost U.S. $10 billion is allocated for housing. Other priorities are manufacturing and agriculture with planned expenditures of U.S. $4.5 billion and U.S. $3.5 billion respectively. Private sector investment is expected to fill potential shortfalls particularly in labour intensive manufacturing industries. The 1983 budget, with its expected cuts from 1982, will negatively affect the transport, urban development and defence ministries while leaving untouched the Caracus subway, education, agriculture and the Pan-Am games.

Market Opportunities

Prospects for a substantial pickup in Canadian-Venezuelan trade will improve significantly in the medium term as the Venezuelan economy begins to pull out of recession. In particular, Venezuelan import demand can be expected to grow more strongly than in the recent past as a result of the expanded need for capital equipment to support large scale development projects, particularly in the petroleum sector. Although Venezuela plans to emphasize the use of local firms to boost industrial production, there will still be substantial room for foreign suppliers. The fastest growing import category will likely be machinery and transportation equipment which presently account for well over 40 per cent of total Venezuelan imports. The investment program of Petroleos de Venezuela, the state-owned oil conglomerate is itself expected to generate demand for imports of up to U.S. $1 billion a year by 1984. Besides oil projects,

capital equipment will be needed for a number of hydroelectric, telecommunication and transportation projects.

Although there should be some increase in demand for imports of manufactured goods (36 per cent of total imports) and chemicals (11 per cent), this is where the impact of import substitution efforts will be more strongly felt over the medium term. Imports of foodstuff and medical equipment are likely to remain strong because of continuing rapid growth in population and escalating demands for better quality products and services.

Generally, joint venture opportunities exist in industries earmarked for top export priority. This includes industrial chemicals, metal-working and capital goods used by the petroleum, electrical energy, transportation and construction sectors, as well as the pulp and paper industry.

Foreign Investment

Venezuela is a member of the Association for Latin American Integration (ALADI), the Latin American Economic System (SELA) and the Andean Pact in which there are several integration agreements and regional programs.

Foreign investment in the Andean Pact countries (Venezuela, Colombia, Ecuador, Peru, Bolivia) is to be carried out under the terms of "Decision 24" of the Cartegena Agreement.

New foreign investments have to be approved and supervised by the Superintendency of Foreign Investments (SIEX), the Minister of Energy and Mines or the Superintendents of Banks and Insurance (depending on the sector of investment). All contracts for the importation of technology and use of patents and trademarks must also be approved and registered by SIEX. Excluded from the obligation to register are foreign investments that have contracts with the government, those considered to be of national interest or for national defense, and those in the areas of tourism and construction.

Profits of up to 20 per cent annually of the approved foreign investment may be remitted abroad.

New foreign investments are not permitted in areas reserved to national enterprises, public utility enterprises, television, radio, newspapers, professional services in consulting, consulting design, and survey and studies that require the participation of professionals whose practice is regulated by national laws, unless they are enterprises that contribute technology for the development of the country.

New foreign investments are authorized in new or already existing enterprises with foreign capital not exceeding 49 per cent.

Profile of Venezuela

General

Capital	Caracas
Area	912,050 km^2
Population	15.3 million
Official language	Spanish
President	Sr. Herrera Campins

Key economic indicators — 1981

GDP current	U.S. $57.0 billion
GDP growth	1.0%
GNP per capita	U.S. $4,039
Inflation rate	14.0%

MAIN CANADIAN IMPORTS FROM VENEZUELA

Petroleum, crude, condensates
Fuel oil
Kerosene
Aircraft, assemblies, engines, parts
Steel, fabricated materials
Pipes
Tuna
Fruits
Shrimps, prawns
Fish
Total main commodities
Total all commodities
Main as % of total

Balance of payments (U.S. $ millions) — 1981

Balance of current account	2,800
Overall balance of payments	3,900

Foreign trade (U.S. $ millions) — 1981

Exports	20,200
Imports	13,800
Trade balance	6,400

Principal exports	Oil (99%)
Principal imports	Capital goods and manufactured products (52%), raw materials (28%), consumer goods (20%
Main markets	U.S., Netherland Antilles, Canada, Britain, Netherlands
Main suppliers	U.S., West Germany, Japan, Italy, Canada

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
1,987,291	2,209,516	1,280,810
177,321	154,203	107,504
—	6,023	—
3,073	4,315	29
—	3,952	—
—	2,923	—
—	781	—
17	741	343
846	617	417
166	97	229
2,168,714	2,383,168	1,389,332
2,190,263	2,384,968	1,391,943
99.0	99.9	99.8

MAIN CANADIAN EXPORTS TO VENEZUELA

Motor vehicles, engines, accessories, parts
Newsprint
Power boilers, equipment, parts
Wood pulp
Plastic and synthetic rubber, fabricated products
Zinc, fabricated materials
Copper, alloys, fabricated materials
Potatoes
Aircraft, assemblies, engines, parts
Card punch sort tab computers, parts
Polythylene resins
Petrol, coal, gas production machinery, parts
Excavating, dredging machinery, parts
Asbestos milled fibres, shorts
Steel fabricated materials
Gas turbines, parts
Fabrics, man-made, natural
Wheat
Total main commodities
Total all commodities
Main as % of total

(Cdn. $ 000s)

(January-December) 1980	1981	(Jan.-Sept.) 1982
432,216	282,777	145,654
47,783	65,111	44,364
641	22,431	5,087
14,581	12,791	9,662
15,915	11,789	11,123
15,927	9,561	7,419
7,555	7,331	3,685
5,604	7,043	4,285
2,738	5,058	10,348
5,149	4,699	2,439
4,777	4,430	4,369
781	4,235	14,165
—	3,841	675
2,574	3,592	1,440
11,720	3,525	2,738
538	3,392	3,152
2,375	3,271	2,393
38	169	16,937
570,912	455,046	289,935
652,924	545,150	352,653
87.4	83.5	82.2

EXPORT AND IMPORT TRADE STATISTICS (Cdn. $ 000s)

Country		1980	1981	(Jan.-Sept.) 1982
Argentina	Exports	226.5	148.7	53.5
	Imports	36.1	77.5	46.0
	Balance	190.4	71.2	7.5
Bolivia	Exports	6.9	10.3	8.0
	Imports	16.7	18.5	4.7
	Balance	–9.8	–8.2	3.3
Brazil	Exports	893.2	675.3	401.9
	Imports	348.1	429.1	391.9
	Balance	545.1	246.2	10.0
Chile	Exports	108.7	114.5	55.4
	Imports	97.1	110.3	109.1
	Balance	11.6	4.2	–53.7
Colombia	Exports	185.3	179.0	140.9
	Imports	101.6	82.5	70.0
	Balance	83.7	96.5	70.9
Ecuador	Exports	82.0	81.1	44.2
	Imports	40.6	46.6	39.1
	Balance	41.4	34.5	5.1
Paraguay	Exports	1.9	1.4	0.5
	Imports	4.5	1.4	1.0
	Balance	–2.6	0.0	–0.5
Peru	Exports	54.7	92.0	65.5
	Imports	94.5	48.5	22.2
	Balance	–39.8	43.5	43.3
Uruguay	Exports	17.6	18.1	10.4
	Imports	14.2	10.1	7.6
	Balance	3.4	8.0	2.8
Venezuela	Exports	656.1	551.6	352.1
	Imports	2,216.8	2,385.0	1,391.9
	Balance	–1,560.7	–1,833.4	–1,039.8
TOTAL	Exports	2,232.9	1,872.0	1,132.4
	Imports	2,970.2	3,209.5	2,083.5
	Balance	–737.3	–1,337.5	–951.1

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Telex: 014-44129

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Telex: 012-0280

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Telex: 051-3312

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Telex: 04-51191

LIST OF ABBREVIATIONS

ALADI	Latin American Integration Association
BCCC	Brazil-Canada Chamber of Commerce
BIS	Bank for International Settlement
CALA	Canadian Association — Latin America and Caribbean
CIDA	Canadian International Development Agency
EDC	Export Development Corporation
GDP	Gross Domestic Product
IADB	Inter-American Development Bank
IMF	International Monetary Fund
LAFTA	Latin American Free Trade Association
SELA	Latin American Economic System

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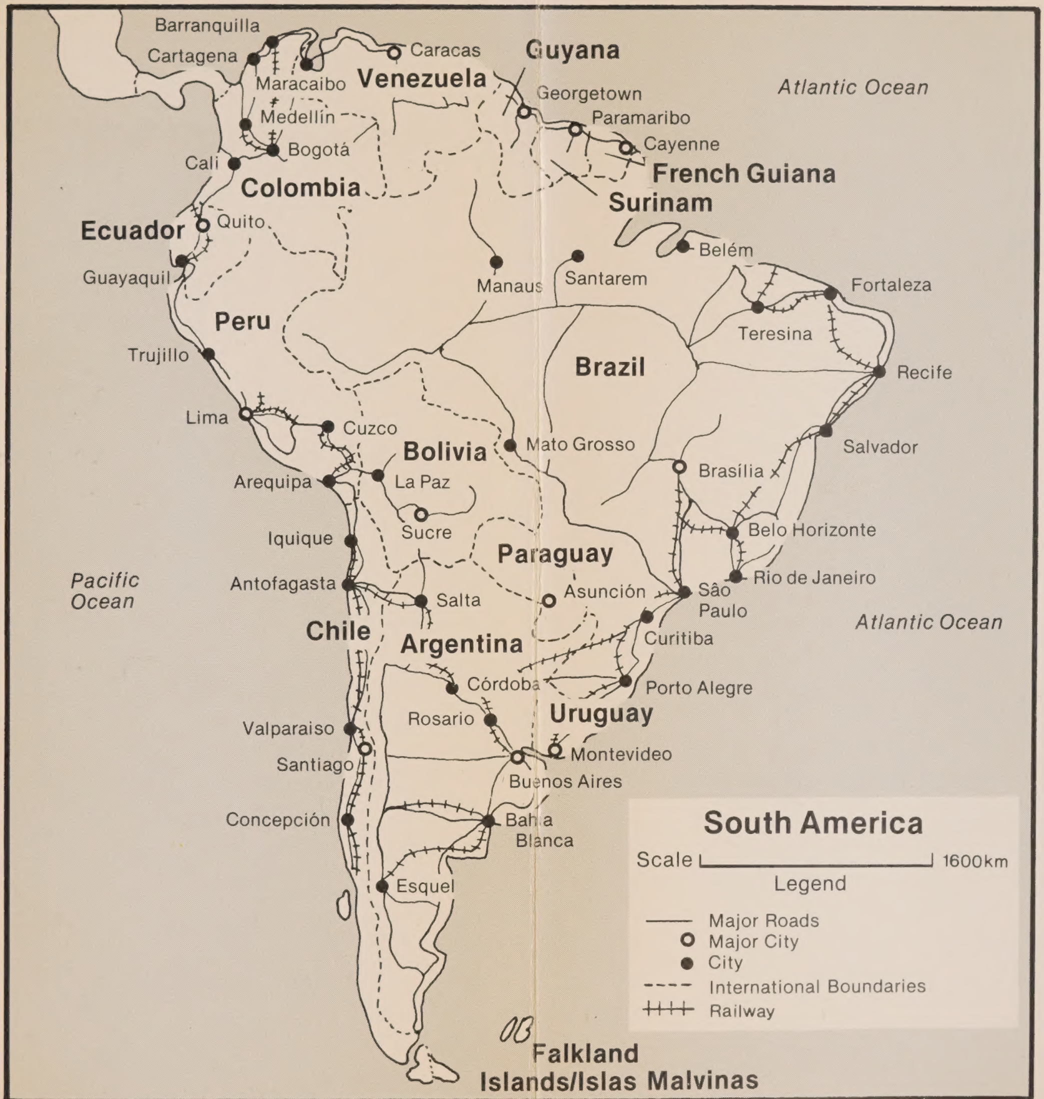
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